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## Indonesia is Playing with the Climate Crises

***IESR response to Vice President (Jusuf Kalla) speech at the 'UN Climate Action Summit' in New York, USA***

***"We are in a climate emergency. Land and forest fires that have broken out in parts of Sumatra and Kalimantan are worsened by the impact of climate change. Indonesia has taken serious measures to tackle this huge challenge, to increase our adaptation and mitigation capacities for raising climate change ambitions, to take concrete, yet realistic climate actions."***

As a think tank which has a focus on advocating the acceleration of the low-carbon energy transition in Indonesia, IESR wants to respond to Vice President (Jusuf Kalla) speech at the UN Climate Action Summit in New York, USA, on Monday, September 23, 2019.

IESR appreciates that Indonesia reaffirm its commitment on emission reduction target (29% and 41%) as indicated in its Nationally Determined Contribution (NDC) submitted in 2016. Additionally, Vice President Jusuf Kalla mentioned about Low Carbon Development Initiative launched earlier this year by Bappenas. On the mitigation actions, he stated two actions: first, natural based solutions that include restoring 2 mil ha peatland and rehabilitating 12 mil ha critical land by 2030 as well as conserving and restoring mangrove and coastal area; second, energy transition focus on removing fossil fuel subsidies, mandatory biodiesel policy and developing green fuel refinery.

IESR wants to highlight that there is basically nothing new in the Vice President's speech, specifically, in energy issues related to climate mitigation actions. Furthermore, most of them have been explained in some international fora such as Osaka G20 Summit and Abu Dhabi Climate Meeting. This indicates that Indonesia has not ready to raise its ambition to tackle climate crisis. Indonesia's efforts in tackling climate crisis is currently based on Indonesia's NDC pledge.

In contrary to the government's believe that Indonesia's NDC is ambitious enough, the assessment from Climate Action Tracker (CAT) has rated our NDC target as insufficient to meet Paris Agreement temperature target and so far there is no indication that the pathways of Indonesia takes will reach net zero emission. It is predicted that, in 2100, unconditional scenario in Indonesia's NDC will be on 4°C track and 3°C track under conditional scenario<sup>1</sup>. This

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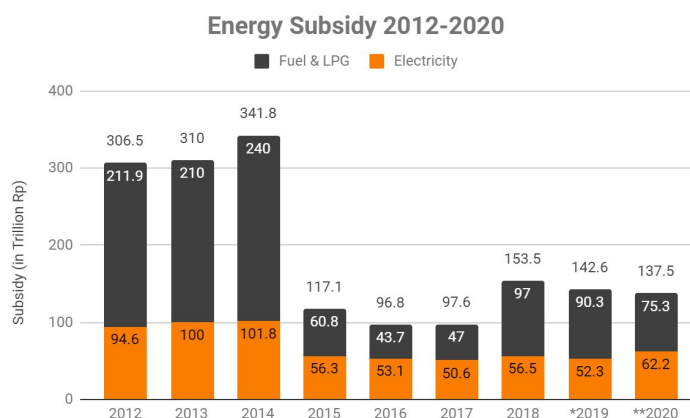
<sup>1</sup> <https://climateactiontracker.org/countries/indonesia/>

implies that Indonesia needs more ambitious climate mitigation actions to show its commitment in ratifying the Paris Agreement; and these actions should be derived more in energy sector as the emission projection from Indonesia's energy sector is forecasted to be dominant in 2030.

As a part of Climate Transparency activities in raising G20 countries' ambition in tackling climate crises, IESR together with other country partners are developing up to three mitigation actions recommendations to the government of G20 Countries<sup>2</sup>. For Indonesia, IESR recommends three actions: coal transition, energy efficiency, and permanent forest-clearing moratorium<sup>3</sup>.

The commitment of Indonesia on energy transition is actually very weak. Although the government has been trying to reduce fossil fuel subsidies, but the number of subsidies annually is still high both on electricity and fuel (Fig. 1). In addition since 2018, government introduce DMO for coal price cap that literally subsidize PLN's coal use. As if the Government is serious in raising its climate ambition, the fossil fuel subsidy (electricity, fuel, coal) should be shifted to support renewable energy development such as providing low rate installment to solar rooftop panel credit or supporting local renewable development industry to grow.

**Figure 1. Energy Subsidy 2012-2020**



Source: Ministry of Finance in Investor Daily

(<https://investor.id/business/dua-faktor-sebabkan-target-alokasi-subsidi-energi-2020-diturunkan>)

On the biodiesel, the measures have only limited effect on emissions reduction since it only replace 4 to 6 million kilo liters of diesel oil. Implementation beyond B30 is still uncertain from technical standpoint although government has ambitious target to implement B30 by 2025. IESR sees that green refinery development as one way of energy transition, that is mentioned several times by the Government, is actually still need time to develop and uncertainties future fuel pricing for biofuel based on CPO still remains. Nonetheless, the sustainability aspect and carbon footprint that define net emission from the biofuel product are important factors to determine whether increased biofuel use could be an effective solution to the climate.

Overall, Indonesia commitment on climate action is rated less ambitious by IESR. We believe that Indonesia can do more in the area of fossil fuel subsidy reform, renewable energy development in power and renewable fuel in transport sector, and planning to transition from coal power plant. IESR expects that as new administration is coming in October, ambitious measures and stronger commitment could be made in COP 25 in Chile, Argentina. We are

<sup>2</sup> <https://www.climate-transparency.org/call-for-more-ambition-ahead-of-the-un-climate-action-summit>

<sup>3</sup> <http://iesr.or.id/pustaka/the-ambition-call-indonesia/>

keen to work with, and assist, government to raise its climate ambition based on the existing best science and best technological progress while maintaining economic competitiveness and job creation.

Jakarta, 24 September 2019

### **Tentang IESR**

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